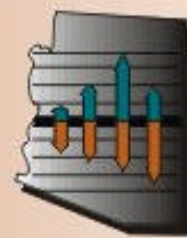


ARIZONA'S WORKFORCE

A press release from the Arizona Dept. Of Economic Security, Research Administration



July 17, 2003

Despite Seasonal Nonfarm Job Losses, Manufacturing Posts the First Job Gains Since December 2000

Arizona's seasonally adjusted rate of unemployment remained unchanged from May to June at 5.9 percent. In contrast, the national adjusted rate of unemployment rose by three-tenths of a percent in June to 6.4 percent from 6.1 percent in May. For the state, the adjusted unemployment rate did not change because of a less than anticipated increase in the number of unemployed.

Arizona experienced a seasonally expected loss of nearly 27,000 nonfarm jobs in June. Despite the monthly loss, an over-the-year gain in jobs for the twelfth consecutive month showed a continued recovery in the state's nonfarm employment. Since June 2002, the state has added 14,500 nonfarm jobs.

Service-providing industries had the majority of job losses with a decrease of 29,800 jobs. These losses were the result of seasonal reductions in public education because of summer break. The public sector lost 27,200 jobs as a result of these seasonal decreases. Meanwhile the private sector gained 300 jobs. Goods-producing industries posted a gain of nearly 3,000 jobs in contrast to the losses in the service-providing industries. Strength was widespread with job gains occurring in all goods-producing industry groups.

Arizona, U.S. Economic Indicators

Jobless Rate (Seasonally Adj.)

	<u>June '03</u>	<u>May '03</u>	<u>June '02</u>
United States	6.4%	6.1%	5.8%
Arizona	5.9%	5.9%	6.3%
Phoenix-Metro	5.2%	5.4%	5.7%
Tucson-Metro	4.5%	4.6%	5.0%

Arizona Nonfarm Payroll Employment (in Thousands)

	<u>June '03</u>	<u>May '03</u>	<u>June '02</u>
Overall	2,264.6	2,291.5	2,250.1
Over-Month Pct. Chg.	-1.2%	0.0%	-1.2%
Year to Year Pct. Chg.	0.6%	0.7%	-0.1%

Government posted a loss of 27,200 jobs as a result of seasonal reductions in public education. Reductions in public education, state and local, totaled 31,300 jobs. The only government sector to report job gains in June was the federal government (+600). The public sector has continued to grow, though at a modest pace, with annual job gains totaling 1,600 in June. In contrast, state government has continued to shrink, with a loss of 3,100 jobs since June 2002.

Trade had an unusual loss of 500 jobs in June. The ten-year average trend would suggest a gain of more than 700 jobs. Wholesale trade bore the brunt of the losses with a decrease of 400 jobs, while retail trade showed a slight reduction of 100 jobs.

(continued on page 2)

Retail trade losses were a consequence of seasonal and structural factors. The high summer temperatures served as a deterrent to keep people at home and away from retail outlets. Growth has been slow to rebound in this sector because of persistent weakness in many areas of the economy in Arizona, the nation and the rest of the world. Factors such as continued layoffs, relocation of jobs to lower cost overseas locations, high levels of consumer debt and saturated markets for many consumer goods have moderated economic growth. These weaknesses have restrained consumer confidence and spending.

The retail sector of motor vehicle and parts dealers had a second consecutive month of stronger-than-expected gains with an increase of 600 jobs in May. Clothing and general merchandise posted a less-than-seasonal gain of 200 jobs. Building materials and gardening equipment figures reported no change. A seasonal loss of 200 jobs occurred in food and beverage stores. Despite stronger-than-seasonal gains reported in prior months, furniture and home furnishings showed a deeper-than-seasonal loss of 100 jobs in June. Electronics and appliance stores pared 100 jobs.

Manufacturing had a monthly gain of 600 jobs for the first time in 30 months (since December 2000). Both durable (+500 jobs) and non-durable (+100 jobs) fabricators reported employment increases. In durables, the reported sectors of computer and electronic products along with aerospace products showed respective gains of 200 and 100 jobs. However, the fabricated metal products sector remained unchanged.

A gradual recovery continued in professional and business services (+1,400 jobs). A large fraction of these increases were reported in employment services (+900 jobs). Growth in

employment services represented a trend of firms hiring temporary, contract labor with lower costs than permanent, full time workers in an attempt to improve profitability. Strength in the employment services sector has provided a boost to the entire industry of professional and business services. While most other sectors have reported consecutive over-the-year job losses, employment services has posted annual gains. The only other sector with annual job gains was services to buildings and dwellings. The professional, scientific and technical sector had an encouraging gain of 200 jobs after reporting a deep loss of 1,200 jobs in the previous month of May.

Transportation, warehousing and utilities had a near seasonal gain of 500 jobs. These job gains were primarily concentrated in truck transportation with an expected increase of 300 jobs. June marked the second consecutive month of job gains for this sector after four earlier months of job losses. Air transportation and utilities remained flat in June.

Construction gained 2,200 jobs. Special trades continued to be the strongest construction sector with a gain of 1,800 jobs. Building contractors also showed an increase of 400 jobs, while heavy construction remained unchanged.

Natural resources and mining posted a gain of 100 jobs. Metal ore mining, the only reported sector, was flat over-the-month. These 100 additional jobs were primarily created in the unreported sectors outside of metal ore mining.

Other services reported a gain of 600 jobs.

Financial activities had a less-than-average increase of 200 jobs. Sectors with employment increases were securities and commodity contracts (+100 jobs) along with real estate, rental and leasing (+200 jobs). Credit intermediation

(continued on page 3)

was the only sector reporting a loss (-100 jobs). An unexpected monthly loss of jobs for the second time this year in credit intermediation seems to indicate an emerging trend of weakness. Even though financial activities posted an annual decrease of 700 jobs, some sectors have continued to grow. Insurance carriers along with real estate, rental and leasing have respectively showed annual gains of 100 and 600 jobs.

Educational and health services had seasonal losses of 700 jobs. These seasonal reductions were concentrated in private educational services (-1,700 jobs) and social assistance (-200 jobs). The remaining health care sectors reported a near average gain of 1,200 jobs.

Leisure and hospitality had a slightly greater-than-seasonal loss of 3,800 jobs. Despite seasonal decreases, this industry has continued to grow with a gain of 900 jobs since June 2002. However, the accommodation sector had a reduction of 700 jobs in June 2003 and has continued to lose jobs on an annual basis. With a total employment roughly at 42,000 jobs, the lodging sector has returned to June 1994 levels.

Information continued consolidating with a loss of 300 jobs. Telecommunications captured a large portion of these losses with a reduction of 200 jobs. However, publishing reported no change.

Overall, Arizona's workforce figures for June showed signs of strength. As anticipated, June experienced sizable seasonal losses, mostly due to education related jobs that take a break for the summer. However, what wasn't anticipated was the surprising monthly gain in manufacturing—the first monthly increase since December 2000. A recovery in manufacturing can only be confirmed with future, continued job gains. On the other hand, the unusual though slight reduction in retail jobs in June is a reminder of the tepidness that lingers on behalf of the consumer.

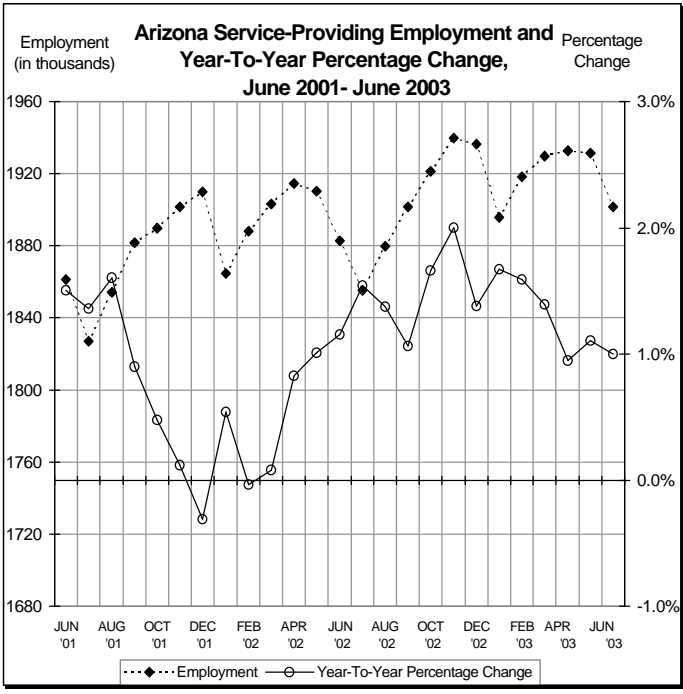
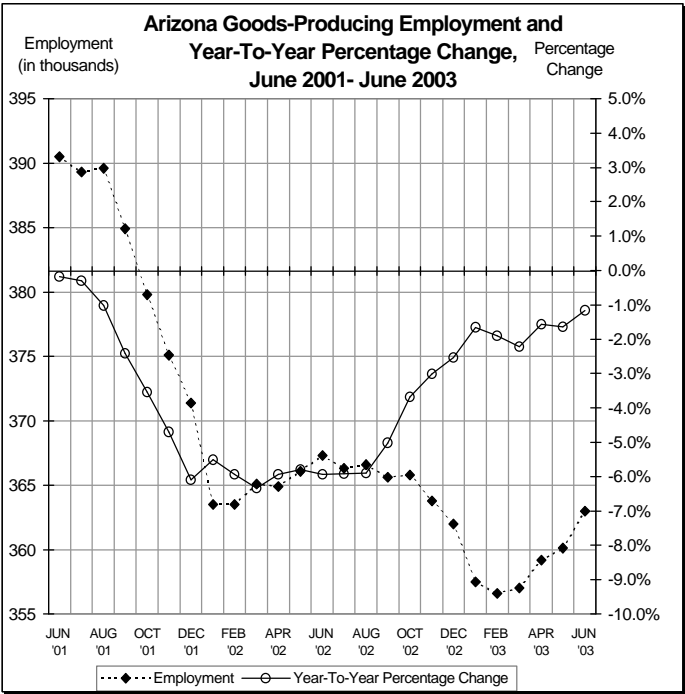
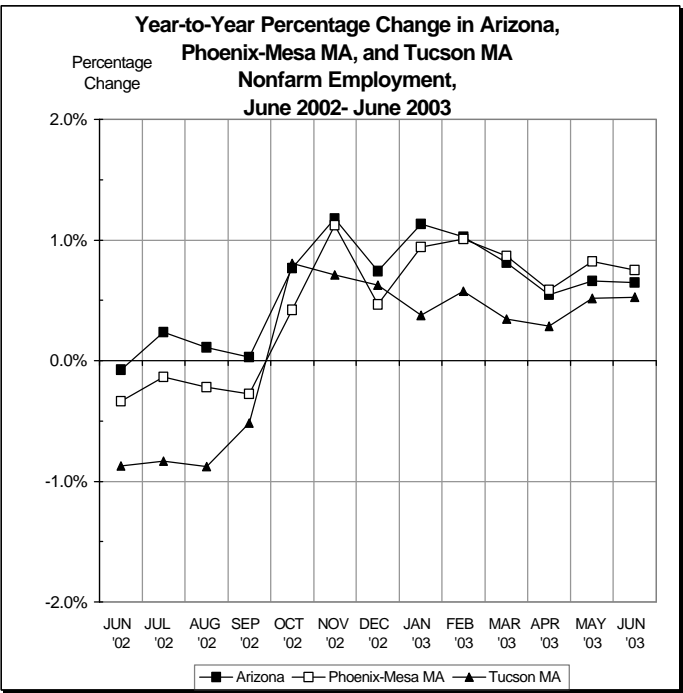
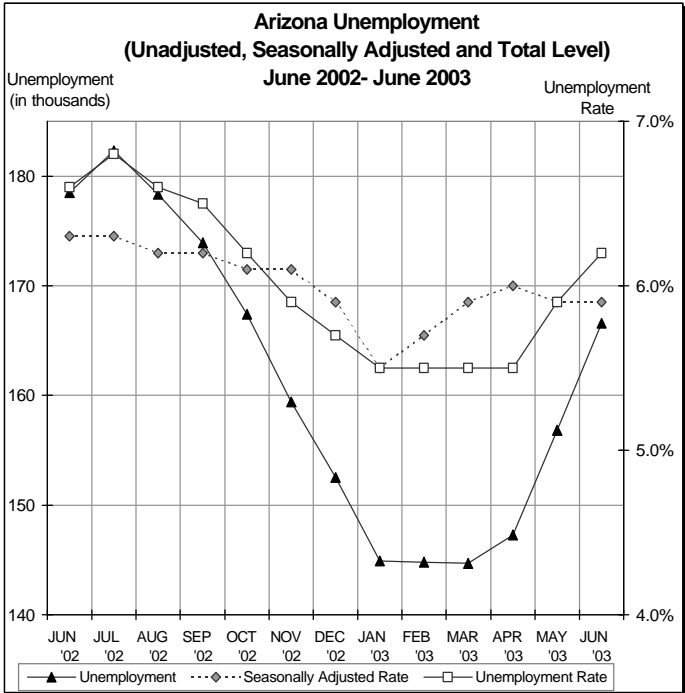
Release Presented by:	Phoenix – Don Wehbey, DES Senior Economist, Research Administration
Contact:	For clarification or additional information, call (602) 542-3871
Next Press Briefing:	<u>July Employment Report</u> - Thursday, August 14, 10:00 a.m., DES Administration Building, Room 104, 1717 W. Jefferson St., Phoenix

The Arizona Workforce (Press Release) is now on the Internet.
<http://www.de.state.az.us/links/economic/webpage/index.html>
Please contact our office, if you still want a faxed copy each month.

Equal Opportunity Employer/Program

Under the Americans with Disabilities Act (ADA), the Department must make a reasonable accommodation to allow a person with a disability to take part in a program, service, or activity. For example, this means that if necessary, the Department must provide sign language interpreters for people who are deaf, a wheelchair-accessible location, or enlarged print materials. It also means that the department will take any other reasonable action that allows you to take part in and understand a program or activity, including making reasonable changes to an activity. If you believe that you will not be able to understand or take part in a program or activity because of your disability, please let us know of your disability needs in advance if at all possible. This document is available in alternative formats by contacting the Arizona Department of Economic Security, Research Administration, at (602) 542-3871.

LABOR MARKET TREND CHARTS



Source: Dept. of Economic Security, Research Administration and U.S. Dept. of Labor, Bureau of Labor Statistics, July 2003

Table 1

Arizona Labor Force, Employment, and Unemployment Data, June 2003 (a)

(in Thousands)

	June 2003(b)	May 2003(c)	June 2002	Monthly/Yearly Change	
				May '03 June '03	June '02 June '03
Civilian Labor Force (d)	2,681.9	2,675.6	2,692.2	6.3	-10.3
Unemployment	166.6	156.8	178.5	9.8	-11.9
Unemployment Rate	6.2%	5.9%	6.6%	0.3	-0.4
Unemployment Rate (Seasonally Adjusted) (e)	5.9%	5.9%	6.3%	0.0	-0.4
Total Employment	2515.3	2518.8	2,513.7	-3.5	1.6
Nonfarm Payroll Employment (f,g)	2,264.6	2,291.5	2,250.1	-26.9	14.5
Private Sector	1,893.3	1,893.0	1,880.4	0.3	12.9
Government	371.3	398.5	369.7	-27.2	1.6
Goods-Producing Industries	363.0	360.1	367.3	2.9	-4.3
Manufacturing	175.4	174.8	185.0	0.6	-9.6
Durable Goods	139.8	139.3	149.1	0.5	-9.3
Fabricated Metal	16.7	16.7	17.4	0.0	-0.7
Computer and Electronic Parts	45.2	45.0	49.6	0.2	-4.4
Aerospace Products and Parts	27.4	27.3	28.7	0.1	-1.3
Nondurable Goods	35.6	35.5	35.9	0.1	-0.3
Natural Resources and Mining	8.6	8.5	8.9	0.1	-0.3
Metal Ore Mining	6.0	6.0	6.2	0.0	-0.2
Construction	179.0	176.8	173.4	2.2	5.6
Buildings	31.1	30.7	31.3	0.4	-0.2
Heavy	27.2	27.2	28.4	0.0	-1.2
Specialty Trades	120.7	118.9	113.7	1.8	7.0
Service-Providing Industries	1,901.6	1,931.4	1,882.8	-29.8	18.8
Trade, Transportation and Utilities	443.5	443.5	440.0	0.0	3.5
Trade	366.5	367.0	363.7	-0.5	2.8
Wholesale Trade	92.9	93.3	94.0	-0.4	-1.1
Retail Trade	273.6	273.7	269.7	-0.1	3.9
Clothing and General Merchandise Stores	68.7	68.5	67.6	0.2	1.1
Department Stores	39.5	39.5	39.2	0.0	0.3
Motor Vehicle and Parts Dealers	42.5	41.9	42.8	0.6	-0.3
Furniture and Home Furnishings	11.8	11.9	10.9	-0.1	0.9
Electronics and Appliance Stores	8.5	8.6	9.1	-0.1	-0.6
Building Materials and Garden Equipment	21.8	21.8	21.3	0.0	0.5
Food and Beverage Stores	50.0	50.2	47.9	-0.2	2.1
Transportation, Warehousing and Utilities	77.0	76.5	76.3	0.5	0.7
Transportation and Warehousing	66.2	65.7	65.1	0.5	1.1
Air Transportation	13.9	13.9	14.6	0.0	-0.7
Truck Transportation	17.1	16.8	18.4	0.3	-1.3
Utilities	10.8	10.8	11.2	0.0	-0.4
Information	48.4	48.7	51.6	-0.3	-3.2
Publishing Industries (except Internet)	11.7	11.7	12.2	0.0	-0.5
Telecommunications	19.2	19.4	20.7	-0.2	-1.5
Financial Activities	153.8	153.6	154.5	0.2	-0.7
Finance and Insurance	108.9	108.9	110.2	0.0	-1.3
Credit Intermediation and Related Activities	64.7	64.8	64.9	-0.1	-0.2
Insurance Carriers and Related Activities	35.5	35.5	35.4	0.0	0.1
Securities, Commodity Contracts	8.7	8.6	9.9	0.1	-1.2
Real Estate and Rental and Leasing	44.9	44.7	44.3	0.2	0.6
Professional and Business Services	318.0	316.6	316.4	1.4	1.6
Professional, Scientific and Technical	96.7	96.5	100.6	0.2	-3.9
Management of Companies and Enterprises	20.5	20.5	20.9	0.0	-0.4
Administrative and Support and Waste	200.8	199.6	194.9	1.2	5.9
Employment Services	102.0	101.1	95.5	0.9	6.5
Business Support Services	27.0	26.8	27.9	0.2	-0.9
Services to Buildings and Dwellings	36.2	36.1	35.2	0.1	1.0
Educational and Health Services	244.5	245.2	230.7	-0.7	13.8
Educational Services	32.4	34.1	30.1	-1.7	2.3
Health Care and Social Assistance	212.1	211.1	200.6	1.0	11.5
Health Care	181.3	180.1	172.0	1.2	9.3
Ambulatory Health Care Services	86.4	86.0	81.1	0.4	5.3
Hospitals	60.2	59.5	58.0	0.7	2.2
Nursing and Residential Care Facilities	34.7	34.6	32.9	0.1	1.8
Social Assistance	30.8	31.0	28.6	-0.2	2.2
Leisure and Hospitality	233.0	236.8	232.1	-3.8	0.9
Arts, Entertainment and Recreation	30.4	30.9	29.9	-0.5	0.5
Accommodation and Food Services	202.6	205.9	202.2	-3.3	0.4
Accommodation	42.2	42.9	43.1	-0.7	-0.9
Food Services	160.4	163.0	159.1	-2.6	1.3
Other Services	89.1	88.5	87.8	0.6	1.3
Government	371.3	398.5	369.7	-27.2	1.6
Federal	51.4	50.8	49.6	0.6	1.8
State	82.9	88.3	86.0	-5.4	-3.1
State Education	41.2	46.6	43.4	-5.4	-2.2
Local	237.0	259.4	234.1	-22.4	2.9
Local Government Education	115.9	141.8	112.4	-25.9	3.5

Notes:

For other notes and source, see Table 3

Table 2

Phoenix-Mesa Metropolitan Area Labor Force, Employment, and Unemployment Data, June 2003 (1)(a)

(in Thousands)

	June 2003(b)	May 2003(c)	June 2002	Monthly/Yearly Change	
				May '03 June '03	June '02 June '03
Civilian Labor Force (d)	1,796.7	1,792.5	1,801.8	4.2	-5.1
Unemployment	95.7	92.6	105.9	3.1	-10.2
Unemployment Rate	5.3%	5.2%	5.9%	0.1	-0.6
Unemployment Rate (Seasonally Adjusted) (e)	5.2%	5.4%	5.7%	-0.2	-0.5
Total Employment	1,701.0	1,699.9	1,695.9	1.1	5.1
Nonfarm Payroll Employment (f.g)	1,595.9	1,610.9	1,584.0	-15.0	11.9
Private Sector	1,392.3	1,392.3	1,384.4	0.0	7.9
Government	203.6	218.6	199.6	-15.0	4.0
Goods-Producing Industries	261.4	259.7	268.1	1.7	-6.7
Manufacturing	130.1	129.7	139.1	0.4	-9.0
Durable Goods	103.0	102.5	111.3	0.5	-8.3
Fabricated Metal	12.4	12.5	13.4	-0.1	-1.0
Computer and Electronic Products	38.8	38.5	43.3	0.3	-4.5
Aerospace Products and Parts	15.3	15.3	15.2	0.0	0.1
Non-Durable Goods	27.1	27.2	27.8	-0.1	-0.7
Natural Resources and Mining	2.3	2.3	2.4	0.0	-0.1
Construction	129.0	127.7	126.6	1.3	2.4
Buildings	20.4	20.1	20.7	0.3	-0.3
Heavy	20.5	20.6	21.7	-0.1	-1.2
Specialty Trades	88.1	87.0	84.2	1.1	3.9
Service-Providing Industries	1,334.5	1,351.2	1,315.9	-16.7	18.6
Trade, Transportation and Utilities	325.3	325.4	324.0	-0.1	1.3
Trade	265.5	266.1	264.8	-0.6	0.7
Wholesale Trade	76.8	77.0	76.3	-0.2	0.5
Retail Trade	188.7	189.1	186.7	-0.4	2.0
Clothing and General Merchandise Stores	46.6	46.7	46.5	-0.1	0.1
Department Stores	25.5	25.6	26.0	-0.1	-0.5
Motor Vehicle and Parts Dealers	30.7	30.2	31.2	0.5	-0.5
Furniture and Home Furnishings Stores	8.2	8.3	7.4	-0.1	0.8
Electronics and Appliance Stores	6.7	6.7	7.2	0.0	-0.5
Building Material and Garden Equipment	15.6	15.6	14.9	0.0	0.7
Food and Beverage Stores	32.3	32.4	31.3	-0.1	1.0
Transportation, Warehousing and Utilities	59.8	59.3	59.2	0.5	0.6
Transportation and Warehousing	52.4	51.9	51.4	0.5	1.0
Air Transportation	13.5	13.5	14.2	0.0	-0.7
Truck Transportation	14.1	13.9	14.7	0.2	-0.6
Utilities	7.4	7.4	7.8	0.0	-0.4
Information	36.0	36.3	39.1	-0.3	-3.1
Publishing Industries (Except internet)	7.0	7.0	7.3	0.0	-0.3
Telecommunications	17.3	17.5	18.7	-0.2	-1.4
Financial Activities	130.3	129.8	130.3	0.5	0.0
Finance and Insurance	95.8	95.6	96.7	0.2	-0.9
Credit Intermediation and Related Activities	56.7	56.6	56.9	0.1	-0.2
Insurance Carriers and Related Activities	31.0	31.0	31.0	0.0	0.0
Securities, Commodity Contracts	8.1	8.0	8.8	0.1	-0.7
Real Estate and Rental and Leasing	34.5	34.2	33.6	0.3	0.9
Professional and Business Services	257.9	256.7	254.8	1.2	3.1
Professional, Scientific and Technical	75.7	75.6	79.1	0.1	-3.4
Management of Companies and Enterprises	16.8	16.8	17.5	0.0	-0.7
Administrative and Support and Waste	165.4	164.3	158.2	1.1	7.2
Employment Services	89.3	88.6	83.5	0.7	5.8
Business Support Services	20.5	20.3	19.8	0.2	0.7
Services to Buildings and Dwellings	27.7	27.7	26.9	0.0	0.8
Educational and Health Services	161.2	161.4	151.7	-0.2	9.5
Educational Services	22.8	24.0	21.2	-1.2	1.6
Health Care and Social Assistance	138.4	137.4	130.5	1.0	7.9
Health Care	118.8	117.7	112.5	1.1	6.3
Ambulatory Health Care Services	60.7	60.4	57.1	0.3	3.6
Hospitals	37.0	36.3	35.4	0.7	1.6
Nursing and Residential Care Facilities	21.1	21.0	20.0	0.1	1.1
Social Assistance	19.6	19.7	18.0	-0.1	1.6
Leisure and Hospitality	156.1	159.5	154.4	-3.4	1.7
Arts, Entertainment and Recreation	20.8	21.7	20.4	-0.9	0.4
Accommodation and Food Services	135.3	137.8	134.0	-2.5	1.3
Accommodation	25.2	26.0	25.3	-0.8	-0.1
Food Services	110.1	111.8	108.7	-1.7	1.4
Other Services	64.1	63.5	62.0	0.6	2.1
Government	203.6	218.6	199.6	-15.0	4.0
Federal	21.8	21.9	20.6	-0.1	1.2
State	42.7	46.4	43.5	-3.7	-0.8
State Education	12.0	15.6	12.2	-3.6	-0.2
Local	139.1	150.3	135.5	-11.2	3.6
Local Government Education	73.2	86.1	69.4	-12.9	3.8

Notes:

1) Phoenix-Mesa Metropolitan Area includes Maricopa and Pinal Counties

For other notes and source, see Table 3

Table 3
Tucson Metropolitan Area Labor Force, Employment, and Unemployment Data, June 2003 (2)(a)

(in Thousands)

	June 2003(b)	May 2003(c)	June 2002	Monthly/Yearly Change	
				May '03 June '03	June '02 June '03
Civilian Labor Force (d)	425.8	429.7	427.3	-3.9	-1.5
Unemployment	19.6	18.5	21.7	1.1	-2.1
Unemployment Rate	4.6%	4.3%	5.1%	0.3	-0.5
Unemployment Rate (Seasonally Adjusted) (e)	4.5%	4.6%	5.0%	-0.1	-0.5
Total Employment	406.2	411.2	405.6	-5.0	0.6
Non Farm Payroll Employment (f,g)	343.4	350.8	341.6	-7.4	1.8
Private Sector	270.1	270.1	267.8	0.0	2.3
Government	73.3	80.7	73.8	-7.4	-0.5
Goods-Producing Industries	54.2	54.1	54.9	0.1	-0.7
Manufacturing	28.9	29.2	30.6	-0.3	-1.7
Computer and Electronic Products	5.6	5.5	5.7	0.1	-0.1
Aerospace Products and Parts	11.9	11.9	12.8	0.0	-0.9
Natural Resources and Mining	1.4	1.4	1.6	0.0	-0.2
Construction	23.9	23.5	22.7	0.4	1.2
Specialty Trades	17.8	17.2	16.3	0.6	1.5
Service-Providing Industries	289.2	296.7	286.7	-7.5	2.5
Trade, Transportation and Utilities	55.7	55.3	54.2	0.4	1.5
Trade	47.9	47.5	46.5	0.4	1.4
Wholesale Trade	7.2	7.2	7.3	0.0	-0.1
Retail Trade	40.7	40.3	39.2	0.4	1.5
Clothing and General Merchandise Stores	9.6	9.4	9.5	0.2	0.1
Department Stores	5.8	5.7	5.7	0.1	0.1
Food and Beverage Stores	7.6	7.7	7.2	-0.1	0.4
Transportation, Warehousing and Utilities	7.8	7.8	7.7	0.0	0.1
Information	7.3	7.3	7.9	0.0	-0.6
Publishing Industries (Except internet)	3.4	3.4	3.6	0.0	-0.2
Financial Activities	14.9	14.8	14.2	0.1	0.7
Professional and Business Services	40.1	40.0	41.1	0.1	-1.0
Professional, Scientific and Technical	12.7	12.6	13.7	0.1	-1.0
Management of Companies and Enterprises	2.6	2.6	2.5	0.0	0.1
Administrative and Support and Waste	24.8	24.8	24.9	0.0	-0.1
Employment Services	8.7	8.7	8.4	0.0	0.3
Business Support Services	6.1	6.1	6.4	0.0	-0.3
Educational and Health Services	45.2	45.1	43.5	0.1	1.7
Health Care	34.2	34.0	32.4	0.2	1.8
Ambulatory Health Care Services	13.5	13.5	12.9	0.0	0.6
Hospitals	12.6	12.5	12.1	0.1	0.5
Nursing and Residential Care Facilities	8.1	8.0	7.4	0.1	0.7
Leisure and Hospitality	37.6	38.5	37.4	-0.9	0.2
Arts, Entertainment and Recreation	5.4	5.4	5.5	0.0	-0.1
Accommodation and Food Services	32.2	33.1	31.9	-0.9	0.3
Accommodation	7.5	7.6	7.6	-0.1	-0.1
Food Services	24.7	25.5	24.3	-0.8	0.4
Other Services	15.1	15.0	14.6	0.1	0.5
Government	73.3	80.7	73.8	-7.4	-0.5
Federal	9.6	9.5	9.1	0.1	0.5
State	26.7	28.5	28.1	-1.8	-1.4
State Education	22.3	24.1	22.2	-1.8	0.1
Local	37.0	42.7	38.1	-5.7	-1.1
Local Education	16.7	23.3	17.9	-6.6	-1.2

- Notes:
- 2) Tucson Metropolitan Area includes all of Pima County
 - a) Labor force, unemployment, total employment, and seasonally adjusted unemployment rate should not be used for economic-assistance programs. Data for economic-assistance programs are available by contacting DES, Research Administration
 - b) Preliminary and subject to revision in the following month
 - c) Revised
 - d) Adjusted to Current Population Survey (CPS) to reflect place of residence
 - e) Normal seasonal variations have been eliminated to reflect underlying trends
 - f) By place of work; does not include agricultural workers, self-employed, unpaid family members, and domestic workers
 - g) Detail may not add up exactly due to rounding

Source: Prepared by the Arizona Dept. of Economic Security, Research Administration, in cooperation with the U.S. Dept. of Labor, Bureau of Labor Statistics, July 2003